

Message Text

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73

ACTION EB-07

INFO OCT-01 EA-07 IO-11 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

OIC-02 /101 W

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R 211450Z JAN 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1050

INFO AMEMBASSY MANILA

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H PASS CODEL:PASS STR FOR INFO; PASS AGRICULTURE

E.O. 11652: NA

TAGS: MTN: ETRD

SUBJ: TROPICAL PRODUCTS CONSULTATIONS-PHILIPPINES

REF: STATE 276773, STATE 298320

1. CONSULTATION HELD JAN 19 WITH PHILIPPINES MTN DEL (AMB WILFREDO VEGA) ON THEIR TROPICAL PRODUCT (TP) REQUEST LIST. US MTN DEL DETAILED THREE CATEGORIES OF US REACTIONS, OUTLINED POSITION ON RECIPROCITY IN TP CONTEXT, AND INDICATED GSP ITEMS IN A SIMILAR MANNER TO PREVIOUS REPORTING CABLES ON CONSULTATIONS. MTN DEL AT APPROPRIATE POINT IN THE CONSULTATION MADE POINTS IN PARAS 2 AND 3 OF STATE 298320.

2. IN REVIEW OF 36 ITEMS OF PHILIPPINES REQUEST LIST, ONLY ONE OF WHICH WAS CATEGORY 1 (TSUS 304.04), ONE ADDITIONAL PRODUCT ON GSP, TSUS 222.64, MTN DEL INDICATED CATEGORY OF THE PRODUCT AND TRADE FIGURES. NO DETAILED EXPLANATION
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OF REASONS FOR CATEGORY WAS PROVIDED. VEGA TOOK DETAILED

NOTED ON TRADE FIGURES BUT OTHERWISE DID NOT REACT BY QUESTIONING WHY PRODUCTS WERE CLASSIFIED IN CATEGORY 2. MTN DEL ALSO INDICATED 18 CATEGORY 1 PRODUCTS IN WHICH PHILIPPINES HAD TRADE BUT HAD NOT MADE A REQUEST INCLUDING TSUS ITEMS 202.40, 206.9740, 240.02, 240.17, 205.38, AND 146.44 FOR WHICH PHILIPPINES HAD A LARGE MARKET SHARE OR SIGNIFICANT TRADE INTEREST.

3. WITH RESPECT TO CATEGORY 1 PRODUCTS NOT ON THE PHILIPPINE REQUEST LIST, MTN DEL STATED THAT IT WAS OUR PRACTICE TO INFORM REQUESTING COUNTRIES ON PRODUCTS FOR WHICH MAJOR SUPPLIES HAD NOT MADE REQUESTS THAT OUR ABILITY TO NEGOTIATE THESE ITEMS AND THE EXTENT TO WHICH WE COULD MAKE CONCESSIONS WOULD BE DEPENDENT ON RECEIVING SUFFICIENT CONTRIBUTIONS FROM ALL COUNTRIES WHICH WOULD BENEFIT. WITH RESPECT TO CATEGORY 2 PRODUCTS APPEARING ON PHILIPPINE REQUEST LIST, MTN DEL NOTED THAT ON MANY OF THESE PRODUCTS THE PHILIPPINES WAS SO IMPORTANT A SUPPLIER THAT THESE ITEMS MIGHT BEST BE TREATED BILATERALLY WHERE THE FULL RANGE OF US-GOP ECONOMIC INTERESTS COULD BE COVERED. MTN DEL NOTED THAT THESE PRODUCTS COULD IN ADDITION BE CONSIDERED IN THE TP GROUP.

4. VEGA INDICATED THAT NOTHING MUCH WAS HAPPENING WITH RESPECT TO BILATERAL DISCUSSION. HE NOTED THAT THE GOP WAS PREPARING FOR RESUMPTION OF THE TALKS IN MARCH. VEGA INDICATED THAT IT WAS HIS INTENTION TO RETURN TO GENEVA FOR THE TP MEETING AND THEN PROCEED TO WASHINGTON BEFORE MARCH 1. VEGA ASKED WHEN MTN DEL COULD INDICATE ITS OFFERS TO HIM, HOPEFULLY PRIOR TO MAR 1. MTN DEL RESPONDED THAT THERE WAS A VERY TIGHT TIME SCHEDULE AND WE DIDN'T EXPECT TO RECEIVE THE OFFERS BEFORE MAR 1.

5. WITH RESPECT TO CONTRIBUTIONS THAT THE PHILIPPINES MIGHT MAKE, VEGA INDICATED THAT HE COULD NOT RESPOND TO A GENERAL PROPOSITION BUT DID NOT REJECT THE CONCEPT OF RECIPROCITY, STATING THIS WOULD DEPEND ON THE "PRICE" ASKED. HE STRESSED HE WOULD NEED TO KNOW THE DETAILS OF THE CONTRIBUTIONS THE US WOULD SEEK. LIMITED OFFICIAL USE

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MTN DEL NOTED THAT IT WAS ITS INTENTION AS STATED IN THE OCT TP MEETING TO MEET REQUESTING COUNTRIES IN A SECOND ROUND OF CONSULTATIONS AT WHICH TIME IT WOULD BE MORE DEFINITIVE ON POSSIBLE OFFERS AND POSSIBLE CONTRIBUTIONS. VEGA OPINED THAT USDEL WOULD ONLY SEEK CONTRIBUTIONS IN THE "TRADE" FIELD FOR TP CONCESSIONS, BUT USDEL RESPONDED THAT A WHOLE RANGE OF CONTRIBUTIONS WAS POSSIBLE.

6. IN A DISCUSSION ON MFN/GSP, MTN DEL STATED THAT IT COULD NOT UNDERSTAND WHY DEVELOPING COUNTRIES WERE PURSUING GSP CONCESSIONS WHEN IN THE AGGREGATE THEY WERE THE MAJOR SUPPLIERS IN OUR MARKET. VEGA RESPONDED THAT THIS WAS DUE TO THE FACT THAT GSP WAS DUTY FREE AND THAT ON MANY PRODUCTS OUR MAXIMUM MFN AUTHORITY WAS ONLY A 60 PCT REDUCTION.

7. VEGA ASKED A NUMBER OF PROCEDURAL QUESTIONS WHICH MAY REVEAL SOME OF HIS THINKING WITH RESPECT TO THE RELATIONSHIP BETWEEN TP GROUP AND THE BILATERAL NEGOTIATIONS. WITH RESPECT TO INITIAL OFFERS HE WONDERED WHETHER THE OFFER COULD BE INCREASED OR REDUCED. IN A RELATED QUESTION VEGA ASKED IF ADDITIONAL PRODUCTS COULD BE ADDED TO THE INITIAL OFFER. MTN DEL RESPONDED THAT INITIAL OFFER WAS THE TERMINOLOGY USED IN THE GROUP, THAT WE WERE IN A NEGOTIATION, AND THAT IT WAS THEREFORE PROBABLE THAT OFFERS COULD BE INCREASED OR REDUCED. VEGA THEN ASKED WHETHER CONTRIBUTIONS WOULD BE NECESSARY FROM ALL SUPPLIERS OF A PRODUCT ON WHICH WE WERE CONSIDERING A CONCESSION. HE NOTED THAT IT WAS CERTAINLY POSSIBLE THAT TWO OF THREE LEADING SUPPLIERS TO OFFER CONTRIBUTIONS AND WONDERED IF IN THIS SITUATION THE US WOULD GRANT THE CONCESSION SINCE IT COULD NOT EXCLUDE THE THIRD SUPPLIER. MTN DEL RESPONDED THAT THIS WOULD DEPEND ON THE PRODUCT AND THE RELATIVE SHARES OF THE MARKET OF THE THREE SUPPLIERS, NOTING THAT OUR APPROACH WAS NOT NECESSARILY ITEM BY ITEM BUT THAT SOME ITEMS OBVIOUSLY HAD GREAT TRADE SIGNIFICANT TO INDIVIDUAL COUNTRIES. CULBERT

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